



DEPARTMENT OF THE NAVY  
BUREAU OF MEDICINE AND SURGERY  
2300 E STREET NW  
WASHINGTON DC 20372-5300

IN REPLY REFER TO

JAN 23 2006

MEMORANDUM FOR NAVY MEDICINE EAST  
NAVY MEDICINE WEST  
NAVY MEDICINE NATIONAL CAPITAL AREA  
NAVY MEDICINE SUPPORT COMMAND

SUBJECT: Navy Medicine FY07 Business Planning Guidance

Encl: (1) FY 2007-2009 Military Health System Business Planning Guidance  
(2) FY07 Production Thresholds

1. Regional Commanders are required to submit a Regional business plan incorporating all direct care assets under their control. This plan will assess in detail the eight critical initiatives noted in enclosure (1) and a production plan that meets or exceeds production thresholds for RVUs, RWP's, and DWVs as addressed in enclosure (2). The required products that must be included in each MTF Business Plan are:

- a. An Executive Summary that provides analysis of current performance for each of the eight critical requirements and an action plan to improve any areas that may adversely affect readiness and clinical missions.
- b. A Contingency Plan that provides support for a fit and healthy force, staff training and preparation for deployment, and identifies surge requirements.
- c. A Production Plan that provides support for a fit and healthy force and projects clinical workload in the Health Affairs format.
- d. An Access to Care Plan that describes initiatives proposed to support the planned level of production while maintaining customer satisfaction.
- e. A Referral Management Plan to optimize referral services provided within the MTF.
- f. A Coding and Documentation of Care Plan to accurately reflect the healthcare provided in the MTF.
- g. A Labor Management Plan that supports the planned level of production.
- h. A Pharmacy Management Plan to provide the pharmaceutical benefit within the MTF available resources.

NAVMED POLICY: 06-001

Subj: NAVY MEDICINE FY07 BUSINESS PLANNING GUIDANCE

2. MTF enrollment may exceed the FY02 baseline if the business plan demonstrates MTF capacity to provide the additional service with existing assets and funding.
3. Minimum production thresholds are presented in enclosure (2) with FY05 production levels provided by MTF for reference. The FY07 production thresholds were calculated based on FY05 figures, as follows: FY07 RVUs = FY05 + 0.75%; FY07 RWPs = FY05 + 1.00%; FY07 DWVs = FY05 + 5.00%. Adjustments have been made to take into account known BRAC and Overseas Transformation actions.
4. The Business Planning Tool must be formulated by MTFs and submitted to the Regional Commands no later than 01 March 2006. The Triservice Business Planning Tool, available at <https://triservicebps.afmoa.af.mil>, will automatically format the Production Plan for TMA. Regional Commanders are responsible for reviewing, validating, and approving MTF Business Plans from the operational level. Regional Command consolidated business plans shall be due to BUMED no later than 01 April 2006. The Regional Commands will provide ongoing performance monitoring. BUMED will review performance with Regional Commanders quarterly. BUMED will continue quarterly reviews of the BUMED MTF Dashboard to compare the performance of Navy MTFs among peer groups.
5. Dental Production Plan submissions will be a separate document, submitted via the business planning tool. A template will be provided under separate cover via the Regions. For MTF JCAHO results, at <http://www.jcaho.org>, each MTF should provide proposed corrective actions via a separate attachment for each specific clinical performance measure that is "below the performance of most accredited organizations" as stated in the Quality Report.
6. Business planning guidance for Navy Medicine activities not providing direct healthcare will be promulgated under separate cover.
7. My point of contact is CAPT Elaine C. Ehresmann (M314), at (202)762-3396 or [ecehresmann@us.med.navy.mil](mailto:ecehresmann@us.med.navy.mil).



D. C. ARTHUR

## FY 2007-2009 Military Health System Business Planning Guidance

**Purpose:** This FY 2007-2009 Military Health System (MHS) Business Planning appendix provides focused business planning guidance for the Services and TRICARE Regional Offices (TROs) to use in the development of the FY 2008-2013 POM/BES. Your business plans will be used to ensure continued effective provision of healthcare and support to the Department of Defense (DoD). The MHS's primary mission continues to be medical support for the deployed Armed Forces. While the effectiveness of "operational" medicine is paramount, the efficient delivery of the health benefit is equally critical to our beneficiaries and the Department's leaders.

**General Guidance:** The FY 2007-2009 MHS Business Planning process supports the MHS Strategic Plan and MHS Balanced Scorecard. The Tri-Service Business Planning Tool will be used to develop all Military Treatment Facility (MTF), Multi-Service Market (MSM), and TRO business plans. The MTF and MSM submissions will follow the business planning tool templates. The Tri-Service Tool will continue to be improved to support the business planning process.

MTF and MSM business plans are linked to the MHS Strategic Plan by focusing on the following eight critical initiatives:

- (1) Readiness/Expeditionary Planning
- (2) Improve Access to Care
- (3) Manage Referrals
- (4) Manage Pharmacy Expenses
- (5) Improve Documented Value of Care
- (6) Advance Evidence-Based Healthcare
- (7) Optimize Provider Productivity
- (8) Improve labor Cost Reporting and Management.

Success will be measured by existing and/or future MHS performance metrics found in the MHS Balanced Scorecard (BSC). Linkages between the eight critical initiatives and corresponding performance metrics can be found in the Tri-Service Tool.

Advances in readiness, quality, and access will be planned for and implemented. In particular, plans will reflect continued improvements in Individual Medical Readiness, Medical Records Coding, Satisfaction with Visit, Satisfaction with Telephone and Appointment Access, and strategies to attack the problems of tobacco use, alcohol abuse, and obesity. Plans will also include initiatives to reduce the cost of supplies.

The Services will achieve the FY 2007-2009 "efficiency wedge" through productivity, business planning, and other selected strategies.

Initiatives needed to achieve these improvements, both financial and non-financial, will be described, along with resource requirements (if any), the associated offsets and projected timelines and returns on investment. Examples include Venture Capital, Clinical Support

Agreements, DoD/VA joint venture initiatives, direct contracting, etc. All approved initiatives of these types must be incorporated in the respective MSM or MTF business plan.

The TROs will integrate MTF and remote business plans into a single, regional business plan for submission to TMA and monitor performance against the business plans. The TROs will reduce Private Sector Care costs by maximizing efficiencies in the market, managing demand, and maximizing referrals to the Direct Care System.

The TRO regional plans will incorporate information about the amount of purchased care workload the MTFs will require for their enrollees. Additionally, the TROs will be responsible for determining the purchased care workload requirements in the “white space.” TMA-RM’s Private Sector Care Requirements & Integration Division will incorporate these workload estimates into its process for updating private sector care financial requirements.

**FY 2007 Business Plan Timeline**

The business plan submission and approval timeline is provided below.

- 1 Jan 06-MTFs/MSMs/TROs/Services begin Business Plan development
- 1 Mar 06-MTF Plans submitted to Intermediate Commands
- 1 Apr 06-Draft MTF & MSM Plans submitted to Services
- 30 Apr 06-Service-Level Approval
- 1 May 06-Approved Final MTF/MSM Plans submitted to Health Affairs/TROs
- 1 Jun 06-TRO Plans submitted to Health Affairs

Upon receipt of this guidance, the TROs, MSMs, and Services will begin coordination for the FY 2007-2009 MHS business plan development and approval process. Health Affairs (Health Budgets and Financial Policy) will continue to develop and provide reports for monitoring the MTF, MSM, and TRO business plans.

## FY07 Production Thresholds

Region	Command	FY05 Actual Production			FY07 Thresholds		
		Relative Value Units (RVU) -			Relative Value Units (RVU) -		
		Ambulatory Clinics - B***	Relative Weighted Products (RWP)	Dental Weighted Values (DWV)	Ambulatory Clinics - B***	Relative Weighted Products (RWP)	Dental Weighted Values (DWV)
<b>NAVMED East</b>	<b>Stateside</b>						
	NH Beaufort	172,851	823	228,492	174,100	830	239,900
	NH Camp Lejeune	379,094	3,039	17,361	381,900	3,070	18,200
	NH Charleston	104,179	515	29,992	105,000	520	31,500
	NH Cherry Point	139,493		6,484	140,500		6,800
	NH Corpus Christi	107,298		58,162	108,100		61,100
	NH Great Lakes	452,055	760	533,563	455,400	770	560,200
	NH Jacksonville	514,964	3,154	192,521	518,800	3,190	202,100
	NH Pensacola	367,073	1,984	197,863	369,800	2,000	207,800
	NHC New England	228,895	488	129,302	230,600	490	135,800
	NMC Portsmouth	1,493,626	17,337	538,431	1,504,800	17,510	565,400
	<b>Stateside Total</b>	<b>3,959,530</b>	<b>28,099</b>	<b>1,932,170</b>	<b>3,989,000</b>	<b>28,380</b>	<b>2,028,800</b>
	<b>Overseas</b>						
	NH Guantanamo Bay	20,029	164	8,694	20,000	160	8,700
	NH Keflavik	21,824		12,977	21,800		13,000
	NH Naples	78,024	445	65,460	78,000	450	65,500
	NH Rota	67,846	458	59,109	67,800	460	59,100
	NH Sigonella	67,395	244	44,711	67,400	240	44,700
	<b>Overseas Total</b>	<b>255,119</b>	<b>1,312</b>	<b>190,951</b>	<b>255,000</b>	<b>1,310</b>	<b>191,000</b>
<b>NAVMED East Total</b>		<b>4,214,649</b>	<b>29,412</b>	<b>2,123,120</b>	<b>4,244,000</b>	<b>29,690</b>	<b>2,219,800</b>
<b>NAVMED NCA</b>							
	NHC Annapolis	72,687		37,926	73,200		39,800
	NHC Patuxent River	47,246		18,654	47,600		19,600
	NHC Quantico	116,964		40,852	117,800		42,900
	NNMC Bethesda	740,594	10,728	196,294	746,100	10,830	206,100
<b>NAVMED NCA Total</b>		<b>977,492</b>	<b>10,728</b>	<b>293,726</b>	<b>984,700</b>	<b>10,830</b>	<b>308,400</b>
<b>NAVMED West</b>	<b>Stateside</b>						
	NH Bremerton	292,313	1,733	77,625	294,500	1,750	81,500
	NH Camp Pendleton	503,219	2,803	53,359	507,000	2,830	56,000
	NH Lemoore	108,413	468	44,662	109,200	470	46,900
	NH Oak Harbor	135,019	591	41,733	136,000	600	43,800
	NH Twentynine Palms	99,527	585	3,087	100,300	590	3,200
	NHC Pearl Harbor	190,128		94,429	191,600		99,200
	NMC San Diego	1,182,384	18,431	552,224	1,191,300	18,610	579,800
	<b>Stateside Total</b>	<b>2,511,003</b>	<b>24,610</b>	<b>867,119</b>	<b>2,529,900</b>	<b>24,850</b>	<b>910,400</b>
	<b>Overseas</b>						
	NH Guam	114,623	1,374	16,255	114,600	1,370	16,300
	NH Okinawa	233,747	2,485	18,060	233,700	2,480	18,100
	NH Yokosuka	183,460	854	167,725	183,500	850	167,700
	<b>Overseas Total</b>	<b>531,830</b>	<b>4,713</b>	<b>202,041</b>	<b>531,800</b>	<b>4,700</b>	<b>202,100</b>
<b>NAVMED West Total</b>		<b>3,042,832</b>	<b>29,323</b>	<b>1,069,160</b>	<b>3,061,700</b>	<b>29,550</b>	<b>1,112,500</b>
<b>Total</b>		<b>8,234,972</b>	<b>69,462</b>	<b>3,486,007</b>	<b>8,290,400</b>	<b>70,070</b>	<b>3,640,700</b>

**Notes:**

Relative Value Units (RVU) - Ambulatory Clinics - B\*\*\* Stateside: 0.75% above FY05 Actual Production rounded to nearest 100.  
Overseas: FY05 Actual Production rounded to nearest 100.

Relative Weighted Products (RWP) Stateside: 1% above FY05 Actual Production rounded to nearest 10.  
Overseas: FY05 Actual Production rounded to nearest 10.

Dental Weighted Values (DWV) Stateside: 5% above FY05 Actual Production rounded to nearest 100.  
Overseas: FY05 Actual Production rounded to nearest 100.

BRAC Adjustments	Adjustment	Impact
	NH Keflavik RWPs eliminated.	(70.91)
	NH Cherry Point RWPs eliminated.	(576.45)
	NHC London RVUs eliminated.	(6,786.38)
	NACC New Orleans RVUs eliminated.	(7,811.02)
	NACC Pascagoula RVUs eliminated.	(6,156.98)
	NBHC Marietta RVUs eliminated.	(8,770.54)
	NHBC Athens RVUs eliminated.	(3,865.49)